

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration Number: 200300326D)

Condensed Interim Financial Statements For the quarter ended 31 March 2024

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), the Company is required to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2023.

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NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

For the quarter ended 31 March 2024

| | The Group | | |
|--|--|--|----------------|
| | 3 months ended 31/03/24 HK\$'000 | 3 months ended 31/03/23 HK\$'000 | % + / (-) |
| Revenue | 961 | 821 | 17 |
| Cost of sales | (166) | - | NM |
| Gross profit | 795 | 821 | (3) |
| Other income | 459 | 89 | 416 |
| Marketing and distribution costs | (90) | - | NM |
| Administrative expenses | (2,710) | (1,288) | 110 |
| Other expenses | (2,006) | (383) | 424 |
| Loss before taxation | (3,552) | (761) | 367 |
| Income tax expense | (129) | (112) | 15 |
| Loss representing comprehensive income for the period and attributable to the equity holders of the company | (3,681) | (873) | 322 |

NM: Not meaningful

Loss per share

| | The Group | |
|---------------------------------|----------------------------|----------------------------|
| | 3 months ended 31/03/24 | 3 months ended 31/03/23 |
| Loss per ordinary share | | |
| - Basic (Hong Kong cents) [A] | (0.70) | (0.17) |
| - Diluted (Hong Kong cents) [B] | (0.70) | (0.17) |

[A] The calculation of basic loss per ordinary share was based on 525,630,328 shares (2023 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the period.

[B] The calculation of diluted loss per ordinary share was based on 525,630,328 shares (2023 : 525,630,328 shares) being the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is the same as basic loss per share due to the absence of any dilutive financial instruments for the 3 months ended 31 March 2024 and 31 March 2023 respectively.

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B. Condensed interim consolidated statement of financial position

As at 31 March 2024

| | Note | The Group | | The Company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | As at 31/03/24 | As at 31/12/23 | As at 31/03/24 | As at 31/12/23 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Non-current assets | | | | | |
| Plant and equipment | 9 | 3,362 | 608 | 1 | 3 |
| Other receivables | 10 | 1,249 | 1,996 | - | - |
| Right-of-use assets | 11 | 1,917 | 2,028 | - | - |
| Investment in subsidiaries | | - | - | 1,169 | 1,169 |
| | | 6,528 | 4,632 | 1,170 | 1,172 |
| Current assets | | | | | |
| Loans and advances | 12 | 27,600 | 27,600 | - | - |
| Other receivables | 10 | 23,935 | 21,955 | 69,286 | 73,074 |
| Cash and cash equivalents | | 39,509 | 47,246 | 1,532 | 1,108 |
| | | 91,044 | 96,801 | 70,818 | 74,182 |
| Total assets | | 97,572 | 101,433 | 71,988 | 75,354 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 13 | 145,105 | 145,105 | 145,105 | 145,105 |
| Translation reserve | | (103) | - | - | - |
| Accumulated losses | | (56,709) | (53,028) | (74,779) | (71,873) |
| Total Equity | | 88,293 | 92,077 | 70,326 | 73,232 |
| Non-current liabilities | | | | | |
| Lease liabilities | 14 | 1,377 | 1,499 | - | - |
| | | 1,377 | 1,499 | - | - |
| Current liabilities | | | | | |
| Other payables | 15 | 7,166 | 7,222 | 1,662 | 2,122 |
| Lease liabilities | 14 | 568 | 536 | - | - |
| Current tax payable | | 168 | 99 | - | - |
| | | 7,902 | 7,857 | 1,662 | 2,122 |
| Total liabilities | | 9,279 | 9,356 | 1,662 | 2,122 |
| Total equity and liabilities | | 97,572 | 101,433 | 71,988 | 75,354 |

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C. Condensed interim consolidated statement of cash flows

For the quarter ended 31 March 2024

| | The Group | |
|---|---|---|
| | 3 months ended 31/03/24 HK\$'000 | 3 months ended 31/03/23 HK\$'000 |
| <u>Cash flows from operating activities:</u> | | |
| Loss before taxation | (3,552) | (761) |
| <i>Adjustments for:</i> | | |
| Depreciation of plant and equipment | 202 | 2 |
| Depreciation of right-of-use assets | 152 | - |
| Impairment loss on other receivables | 696 | - |
| Interest income | (1,138) | (828) |
| Interest expense on lease liabilities | 28 | - |
| Unrealised exchange differences | (732) | - |
| Operating loss before changes in working capital changes | (4,344) | (1,587) |
| Changes in other receivables | (2,525) | 468 |
| Changes in other payables | 560 | (347) |
| Cash used in operating activities | (6,309) | (1,466) |
| Interest income received | 1,694 | 1,246 |
| Dividend income received | 40 | 60 |
| Income tax paid | (60) | (76) |
| Net cash used in operating activities | (4,635) | (236) |
| <u>Cash flows from investing activities:</u> | | |
| Acquisition of plant and equipment | (3,582) | - |
| Net cash used in investing activities | (3,582) | - |
| <u>Cash flows from financing activities:</u> | | |
| Payment of principal portion of lease liabilities | (131) | - |
| Payment of interest of lease liabilities | (28) | - |
| Net cash used in financing activities | (159) | - |
| Net decrease in cash and cash equivalents | (8,376) | (236) |
| Cash and cash equivalents at beginning of period | 47,246 | 38,827 |
| Effect of exchange rate changes on cash and cash | 639 | - |
| Cash and cash equivalents at end of period | 39,509 | 38,591 |

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D. Condensed interim statements of changes in equity

For the quarter ended 31 March 2024

| | Attributable to equity holders of the Company | | | |
|----------------------------|---|---------------------|--------------------|---------------|
| | Share Capital | Translation Reserve | Accumulated Losses | Total Equity |
| The Group | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 1 January 2023 | 145,105 | - | (47,511) | 97,594 |
| Profit for the period * | - | - | (873) | (873) |
| As at 31 March 2023 | 145,105 | - | (48,384) | 96,721 |
| As at 1 January 2024 | 145,105 | - | (53,028) | 92,077 |
| Loss for the period * | - | (103) | (3,681) | (3,784) |
| As at 31 March 2024 | 145,105 | (103) | (56,709) | 88,293 |

| | Share Capital | Accumulated Losses | Total Equity |
|----------------------------|----------------|--------------------|---------------|
| | HK\$'000 | HK\$'000 | HK\$'000 |
| The Company | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 1 January 2023 | 145,105 | (65,087) | 80,018 |
| Profit for the period * | - | (1,448) | (1,448) |
| As at 31 March 2023 | 145,105 | (66,535) | 78,570 |
| As at 1 January 2024 | 145,105 | (71,873) | 73,232 |
| Loss for the period * | - | (2,906) | (2,906) |
| As at 31 March 2024 | 145,105 | (74,779) | 70,326 |

* There were no other comprehensive income items.

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E. Notes to the condensed interim financial statements

1 Corporate information

Net Pacific Financial Holdings Limited ("**the Company**") is listed on the Catalist which is a market on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office of the Company is located at 35 Selegie Road, #10-25, Singapore 188307.

The principal activities of the Company are investment holding and has business operations through its foreign subsidiaries in the area of the provision of financing services, the sale of golf simulators and the operation of indoor golf simulator venues and the manufacture and sale of hard case luggage in the People's Republic of China ("**PRC**").

The condensed interim consolidated financial statements as at and for the financial period ended 31 March 2024 comprise the financial statements of the Company and its subsidiaries (collectively "**the Group**").

2 Basis of preparation

The condensed interim financial statements for the financial period ended 31 March 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* ("**SFRS (I) 1-34**"). The condensed interim financial statements do not include all the information required for the Group's financial statement. Accordingly, this report should be read in conjunction with the Group's annual report for the financial year ended 31 December 2023.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual report for the financial year ended 31 December 2023, except for the adoption of new and amended standards effective as set out in Note 2.1.

The condensed interim financial statements are presented in Hong Kong dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Singapore Financial Reporting Standards (International) ("**SFRS(I)**") have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

| | |
|----------------|--|
| Note 2 | - Determination of functional currency |
| Note 10 and 12 | - Allowance for expected credit loss (" ECL ") of loans and receivables and other receivables |

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

| | |
|---------|---|
| Note 10 | - Impairment of amounts due from subsidiaries |
| Note 10 | - Impairment of receivables due from Intermediary |

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E. Notes to the condensed interim financial statements (contd)

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the reporting period.

4 Segment and revenue information

For management purposes, the Group is organised into the following reportable operating segments:

(1) Financing Business

The financing segment is the business of the provision of financing services in the PRC, the Hong Kong Special Administrative Region ("HKSAR") and Australia, which include the provision of working capital financing, asset-backed loans, mezzanine loans and investments in companies with good fundamentals and growth potential.

The Group had ceased to grant loans, and thus its exposure in Australia after reaching a settlement with the remaining borrowers on the recovery of the outstanding Australian loans as announced on 6 August 2021.

(2) Golf Business

The golf business is the business of sale of golf simulators and the operation of indoor golf simulator venues.

(3) Luggage Business

The Group had on 10 May 2024 announced the completion of the acquisition of 51% of the total issued and paid-up share capital of Saint Pearl Travel Products (Guangdong) Co., Ltd to diversify and engage in the business of research, design, production and sale of travel hard cases in the PRC. Please refer to more details under Note 6.2.

4.1 Reportable segments

| | Financing Business | | Golf Business | | Consolidated | |
|--|--------------------|----------------|----------------|----------------|----------------|----------------|
| | 3 months ended | 3 months ended | 3 months ended | 3 months ended | 3 months ended | 3 months ended |
| | 31 March | 31 March | 31 March | 31 March | 31 March | 31 March |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Total revenue by segments | 821 | 821 | 140 | - | 961 | 821 |
| External revenue | 821 | 821 | 140 | - | 961 | 821 |
| Segment loss | (1,119) | 287 | (972) | - | (2,091) | 287 |
| Unallocated expenses | | | | | (1,461) | (1,048) |
| Loss before tax | | | | | (3,552) | (761) |
| Income tax expense | | | | | (129) | (112) |
| Loss for the period | | | | | (3,681) | (873) |
| Segment assets | 85,774 | 99,881 | 10,041 | - | 95,815 | 99,881 |
| Unallocated assets | | | | | 1,757 | 2,093 |
| Total assets per statement of financial position | | | | | 97,572 | 101,974 |
| Segment liabilities | 3,741 | 3,882 | 3,876 | - | 7,617 | 3,882 |
| Unallocated liabilities | | | | | 1,662 | 1,371 |
| Total liabilities per statement of financial position | | | | | 9,279 | 5,253 |

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E. Notes to the condensed interim financial statements (contd)

4.2 Geographical information

The Group derives interest income from loans and advances over time in the following geographical regions. Revenue is attributed to countries by location of customers.

| | The Group | |
|---|----------------|----------------|
| | 3 months ended | 3 months ended |
| | 31/03/24 | 31/03/23 |
| | HK\$'000 | HK\$'000 |
| PRC & Hong Kong | | |
| Interest on loans and advances | 671 | 671 |
| Income from operations of indoor golf simulator venue | 140 | - |
| | 811 | 671 |
| British Virgin Islands | | |
| Interest on loans and advances | 150 | 150 |
| Income from operations of indoor golf simulator venue | - | - |
| | 150 | 150 |
| Total revenue | 961 | 821 |
| Non-current assets | | |
| Singapore | 1 | 7 |
| PRC & Hong Kong | 5,278 | - |
| British Virgin Islands | 1,249 | 3,671 |
| | 6,528 | 3,678 |

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2024 and 31 December 2023:

| | The Group | | The Company | |
|--|---------------|---------------|---------------|---------------|
| | As at | As at | As at | As at |
| | 31/03/24 | 31/12/23 | 31/03/24 | 31/12/23 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Financial assets at amortised cost | | | | |
| Loans and advances | 27,600 | 27,600 | - | - |
| Other receivables ⁽¹⁾ | 21,823 | 23,920 | 69,186 | 73,043 |
| Cash and cash equivalents | 39,509 | 47,246 | 1,532 | 1,108 |
| | 88,932 | 98,766 | 70,718 | 74,151 |
| Financial liabilities at amortised cost | | | | |
| Other payables ⁽²⁾ | 5,456 | 6,814 | 1,662 | 2,122 |
| Lease liabilities | 1,945 | 2,035 | - | - |
| | 7,401 | 8,849 | 1,662 | 2,122 |

(1) Excludes prepayment

(2) Excludes contract liabilities

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E. Notes to the condensed interim financial statements (contd)

6 Loss after tax

6.1 Loss after tax is arrived at after crediting / (charging) the following items:

| | 3 months ended 31/03/24 | 3 months ended 31/03/23 |
|--|-------------------------------|-------------------------------|
| | HK\$'000 | HK\$'000 |
| Foreign exchange losses | (1,282) | (383) |
| Interest expense on lease liabilities | (28) | - |
| Interest income from fixed deposit | 317 | 7 |
| Other income * | 13 | 82 |
| Gain on disposal of properties held by Jetwin | 129 | - |
| Allowance for impairment loss of other receivables | (696) | - |
| Depreciation of plant and equipment | (202) | (2) |
| Depreciation of right-of-use assets | (152) | - |

* Included in other income during the financial period ended 31 March 2023 is an amount of HK\$50,000 of rental income derived from the leasing of some of the properties held by Jetwin. There was no such income in the financial period ended 31 March 2024, as these properties have been sold in last financial year ended 31 December 2023.

6.2 Related party transactions

On 2 February 2024, the Company announced that it had entered into a joint venture agreement (“**JVA**”) with Mr. Ben Lee, a Non-Independent Non-Executive Director of the Company (“**Joint Venture**”). Further to the JVA, a joint venture company, Net Industrial International Company Limited (“**JV Company**”), has been incorporated in the HKSAR. Pursuant to the JVA, the Company is the majority shareholder, holding 80% interest of the JV Company, while Mr. Ben Lee will own the remaining 20% of the JV Company. It was also announced by the Company on the same day that the JV Company had entered into a share transfer agreement to acquire Mr Ben Lee’s 51% of the total issued and paid-up share capital of Saint Pearl Travel Products (Guangdong) Co., Ltd. (“**Saint Pearl**”) (“**Acquisition**”, together with the Joint Venture, the “**Proposed Joint Venture and Acquisition**”), currently a wholly-owned subsidiary of Jiangmen Limingzhu Technology Co., Ltd, a portion of which is held on trust for Mr. Ben Lee. Saint Pearl is in the business of independent research, design, production, and sale of travel hard cases made from polypropylene and polycarbonate and other innovative materials, offering a comprehensive set of travel product solutions to major brands and channels both domestically and internationally (“**Luggage Business**”).

In accordance with the JVA, the consideration payable by the JV Company for the Acquisition is approximately RMB2,706,000. The consideration was arrived at original cost of investment based on 51% of the unaudited net assets of Saint Pearl as at 30 June 2023. The Company’s 80% share of the consideration will be settled through internal financial resources.

The Company had on 23 February 2024 convened an extraordinary general meeting (“**EGM**”) to seek approval of shareholders in relation to the Proposed Joint Venture and Acquisition and also the proposed diversification to include the Golf and Luggage Business. Both resolutions were passed unanimously at the EGM.

Please refer to Note 17 for more details.

7 Taxation

The Group calculates the current reporting period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | The Group | |
|---|-------------------------------|-------------------------------|
| | 3 months ended 31/03/24 | 3 months ended 31/03/23 |
| | HK\$'000 | HK\$'000 |
| Current income tax expense | | |
| Current period | 129 | 112 |
| Under / (over) provision in respect of prior year | - | - |
| | 129 | 112 |

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E. Notes to the condensed interim financial statements (contd)

8 Net asset value

| | The Group | | The Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | As at 31/03/24 | As at 31/12/23 | As at 31/03/24 | As at 31/12/23 |
| Net asset value per ordinary share (Hong Kong cents) | 16.80 | 17.52 | 13.38 | 13.93 |

Net asset value per ordinary share was computed based on the number of ordinary shares outstanding of 525,630,328 shares as at 31 March 2024 (31 December 2023: 525,630,328 shares).

9 Plant and equipment

During the financial period ended 31 March 2024, the Group acquired assets amounting to HK\$2,966,000 (2023 - HK\$Nil) under the Golf Business. There are no disposal of assets during the financial period ended 31 March 2024 and 31 March 2023.

10 Other receivables

| | The Group | | The Company | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 |
| Interest receivable | 629 | 1,185 | - | - |
| Dividend receivable | 440 | 480 | - | - |
| Interest and dividend receivable | 1,069 | 1,665 | - | - |
| Deposits | 120 | 177 | 15 | 14 |
| Other receivables (a) | 23,294 | 24,042 | 109 | 19 |
| Amounts due from subsidiaries (non-trade) (b) | - | - | 132,005 | 134,508 |
| | 24,483 | 25,884 | 132,129 | 134,541 |
| Expected credit losses: | | | | |
| At beginning | (1,964) | - | (61,498) | (54,500) |
| Allowance for expected credit loss | (696) | (1,964) | (1,445) | (6,998) |
| At end | (2,660) | (1,964) | (62,943) | (61,498) |
| Net other receivables | 21,823 | 23,920 | 69,186 | 73,043 |
| Prepayments | 3,361 | 31 | 100 | 31 |
| Total other receivables | 25,184 | 23,951 | 69,286 | 73,074 |
| Presented as: | | | | |
| - Non-current | 1,249 | 1,996 | - | - |
| - Current | 23,935 | 21,955 | 69,286 | 73,074 |
| | 25,184 | 23,951 | 69,286 | 73,074 |

Note (a) - Other receivables comprise mainly:

- HK\$19,040,000 (31 December 2023 - HK\$19,867,000) due from an intermediary which facilitated the Group in granting loans to borrowers located in Australia ("**Intermediary**"). Included in this balance is mainly receivable arising from the settlement of the loans to borrowers in Australia with the Intermediary in the form of properties and cash under two different deeds of settlement:

(i) On 25 June 2019, the Intermediary had entered into Deed of Settlement and Release ("**2019 Deed**") with two borrowers pursuant to which it was agreed that the parties to the Deed would release each other from the performance of any and all of their obligations under the loan agreements entered into between the Intermediary and the borrowers, and any and all claims which exist in respect of the conditional agreements entered on 12 November 2017. Under the Deed, cash of AUD487,000 and the ownership in five properties in Australia were transferred to the Intermediary as settlement of the loans previously granted by the Group to the two borrowers via the Intermediary. On 7 November 2019, the Intermediary confirmed and agreed that all the proceeds received under the provision of the Deed and the subsequent sale of the five properties shall be paid to the Group in accordance to the terms and conditions as set out in the original loan agreements between the relevant parties. The Group and the Intermediary have an arrangement to settle the balances due to or due from each other on a net basis. Up to date of this announcement, the five completed units have been sold and sales proceeds received by Jetwin. The Group has received its share of sales proceeds of approximately HK\$5.7 million on 16 May 2024. This will further reduce the amount receivable from Jetwin from HK\$19.0 million as at 31 March 2024 to HK\$13.3 million.

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E. Notes to the condensed interim financial statements (contd)

10 Other receivables (contd)

(ii) On 6 August 2021, the Intermediary entered into a similar Deed of Settlement and Release with three remaining borrowers ("**2021 Deed**") pursuant to which it was agreed that the parties to the Deed would release each other from the performance of any and all of their obligations under the loan agreements entered into between the Intermediary and the borrowers. Under the 2021 Deed, cash of AUD4,196,750 and the ownership in three properties in Australia will be transferred to the Intermediary as settlement of the loans previously granted by the Group to the remaining three borrowers via the Intermediary. The Intermediary confirmed and agreed that all the proceeds received under the provision of the 2021 Deed and the subsequent sale of the three properties shall be paid to the Group in accordance to the terms and conditions as set out in the original loan agreements between the relevant parties.

• HK\$1,467,000 (31 December 2023 - HK\$2,183,000) due from an external buyer on the disposal of financial asset at fair value through profit or loss in prior years. Under a revised repayment schedule approved by the credit committee of the Group, the remaining balance of HK\$4,880,000 (before provision of expected credit loss) would be repaid over 24 instalments from January 2024 to December 2025, which was interest-free. At the end of the reporting period, the Group evaluated the counterparty's financial performance to meet the contractual cash flow obligations and had provided an expected credit loss of HK\$696,000 (31 December 2023 - HK\$1,964,000) on the non-trade amounts due from the counterparty

Note (b)

The amounts due from subsidiaries are non-trade in nature, unsecured, bear interest at rate of 4.31% (31 December 2023 - 4.31%) per annum and are repayable on demand. At the end of the reporting period, the Company evaluated its subsidiaries' financial performance to meet the contractual cash flow obligations and had provided an additional expected credit loss of HK\$1,445,000 (31 December 2023 - HK\$6,998,000) on the non-trade amounts due from a subsidiary.

11 Right-of-use assets

| | The Group | |
|---------------------------------|-------------------------------|-------------------------------|
| | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 |
| The Group | | |
| <u>Cost</u> | | |
| As at 1 January | 2,077 | - |
| Foreign exchange differences | (37) | - |
| Addition | 77 | 2,077 |
| As at 31 March | 2,117 | 2,077 |
| <u>Accumulated depreciation</u> | | |
| As at 1 January | 49 | - |
| Depreciation | 152 | 49 |
| Foreign exchange differences | (1) | - |
| As at 31 March | 200 | 49 |
| Carrying amount | 1,917 | 2,028 |

The leases are for the operation of indoor golf simulator venues and offices in the PRC under the Golf Business with fixed periods of 32 to 46 months.

The Group has no right-of-use assets and corresponding lease liabilities as at 1 January 2023 as it meets the exemption criteria of SFRS(I) 16 with a lease term of 12 months for the office premises.

Information about the Group's leasing activities are disclosed in Note 14.

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E. Notes to the condensed interim financial statements (contd)

12 Loans and advances

| | The Group | |
|--|-------------------------------|-------------------------------|
| | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 |
| Loans and advances repayable within one year | 27,600 | 27,600 |
| Net loans and advances | 27,600 | 27,600 |

Please also refer to Note 10 on update on the settlements with the Australian borrowers.

13 Share capital

| | Number of shares | HK\$'000 |
|--|---------------------|----------|
| Issued and fully paid, with no par value | 525,630,328 | 145,105 |

There was no movement in the issued and paid-up capital of the Company since 31 December 2023.

There were no outstanding convertibles as at 31 March 2024 and 31 March 2023.

The Company did not hold any treasury shares as at 31 March 2024, 31 March 2023 and 31 December 2023. There was no sale, transfer, disposal, cancellation and use of treasury shares during the financial period ended 31 March 2024 and 31 December 2023.

There were no subsidiary holdings as at 31 March 2024, 31 March 2023 and 31 December 2023. There were no sales, transfers, cancellation and/or use of subsidiary holdings during the financial period ended 31 March 2024.

14 Lease liabilities

| | The Group | |
|---|-------------------------------|-------------------------------|
| | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 |
| Presented as: | | |
| - Non-current | 1,377 | 1,499 |
| - Current | 568 | 536 |
| | 1,945 | 2,035 |
| Movement of the lease liabilities as follows: | | |
| As at beginning of year | 2,035 | - |
| Additions | 77 | 2,077 |
| Foreign exchange differences | (36) | - |
| Lease payments - principal portions | (131) | (42) |
| | 1,945 | 2,035 |

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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E. Notes to the condensed interim financial statements (contd)

15 Other payables

| | The Group | | The Company | |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 | As at 31/03/24 HK\$'000 | As at 31/12/23 HK\$'000 |
| Accrued operating expenses | 5,440 | 6,814 | 1,662 | 2,122 |
| Other payables | 16 | - | - | - |
| Contract liabilities ^(a) | 1,710 | 408 | - | - |
| | 7,166 | 7,222 | 1,662 | 2,122 |

Note (a)

Contract liabilities relate to advance payment from customers. Contract liabilities are recognised as revenue when the Group fulfills its performance obligations under the contract with the customer. All performance obligations are expected to be recognised within one (1) year. The significant changes in the contract liabilities during the financial period are as follows:

| | The Group | |
|---|---|---|
| | 3 months ended 31/03/24 HK\$'000 | 3 months ended 31/03/23 HK\$'000 |
| At 1 January | 408 | - |
| Foreign exchange | (8) | - |
| Fees received during the period | 1,450 | - |
| Revenue recognise for fees received during the period | (140) | - |
| At 31 March | 1,710 | - |

16 Borrowings

The Group has no outstanding borrowings and debt securities as at 31 March 2024 and 31 December 2023.

17 Subsequent events

Further to the EGM convened on 23 February 2024 as disclosed under Note 6.2, the completion of the Acquisition has taken place on 10 May 2024. Accordingly, Saint Pearl is now a 51%-owned subsidiary of the JV Company, which is in turn a 80%-owned subsidiary of the Company incorporated for the purposes of the Joint Venture, while Mr Ben Lee, owns the remaining 20% of the JV Company.

18 Whether the figures have been audited, or reviewed and in accordance with which auditing standards or practice

The condensed interim statements of financial position of the Group as at 31 March 2024 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim consolidated statement of cash flows for the financial year then ended and the disclosed explanatory notes have not been audited or reviewed by the Company's auditors.

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F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF CATALIST RULES

- 19 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: - (a) Updates on the efforts taken to resolve each outstanding audit issue; and (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

The Auditors issued a disclaimer of opinion in relation to the following in the annual report for the financial year ended 31 December 2023 ("FY2023"). For details, please refer to Independent Auditors Report for FY2023 announced on 4 May 2024.

(1) Completeness of related party disclosures

(2) Control of specified assets and liabilities in Jetwin Investment Pty Ltd ("Jetwin")

(3) Classification and measurement of amounts owing from Jetwin

(4) Accuracy of the expected credit losses of the amount due from a subsidiary - Company level

Further to the announcement on Disclaimer of Opinion by auditors on the consolidated financial statements for FY2023 dated 4 May 2024, the Board would like to update on item (2) that the Group has received its share of sales proceeds of approximately HK\$5.7 million from disposal of five completed properties on 16 May 2024. This has reduced the amount receivable due from Jetwin from HK\$19.0 million as at 31 March 2024 to HK\$13.3 million. As a result, the Group's exposure to the outstanding balance under the unresolved audit issue is further reduced.

The Board is of the view that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

- 20 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal cyclical factors and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Consolidated statement of comprehensive income

The Group recorded a revenue of HK\$0.96 million in the financial period ended 31 March 2024 ("Q1/2024"), a slight increase from the revenue of HK\$0.82 million reported for the financial period ended 31 March 2023 ("Q1/2023"), mainly arise from the Golf Business.

As noted under Note 4.1 and 4.2, losses from the Golf Business amounted to HK\$0.97 million as the operating expenses outweighed the lower revenue in first quarter of the year which is considered low season for the Golf Business with typically lower local demand for playing golf in indoor golf venues due to the cool weather and lunar new year holidays in February.

Other expenses in Q1/2024 included mainly (a) the foreign exchange loss of HK\$1.28 million arising from the revaluation of the Group's receivables and cash and cash equivalents denominated in Australian Dollars ("AUD") as a result of depreciation of AUD against HK\$ in Q1/2024, and (b) the expected credit loss of HK\$0.70 million made on other receivables as explained under Note 10 (a) above.

Other income in Q1/2024 was higher as it included (a) a gain on disposal of completed units as explained under Note 10 (a) (i) under 2019 Deed and (b) interest income from fixed deposit.

Total operating expenses of the Group was higher in Q1/2024 mainly due to higher professional fees of HK\$0.4 million incurred in Q1/2024 in relation to the acquisition of 51% interest in Saint Pearl (as explained under Note 6.2 and 17), and higher operating expenses of HK\$0.9 million from the Golf Business. The operating expenses of Golf Business comprised mainly depreciation of golf simulators and renovation, and payroll related expenses.

As a result of the foregoing, the Group reported a loss of HK\$3.68 million in Q1/2024 as compared to a net loss of HK\$0.87 million in Q1/2023.

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F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF CATALIST RULES (contd)

Consolidated statements of financial position

Current Assets

The Group's loan portfolio at HK\$27.6 million as at 31 March 2024, all of which are current, was the same as that as at 31 December 2023.

The Group's other receivables, both current and non-current, were higher as at 31 March 2024 mainly due to prepayment to a golf simulator developer based on the terms and conditions of the exclusive distribution right for sale of golf simulators under its brand GREENJOY® and GOLFJOY® via B2B and B2C in certain regions of the PRC. The amount will be utilised to offset against future deliveries of golf simulator orders.

Non-Current Assets

Plant and equipment was higher as at 31 December 2023 due to purchase of assets and renovation under the Golf Business.

Right-of-use assets and corresponding lease liabilities as at 31 March 2024 refer to new leases for the operation of indoor golf simulator venues and offices in the PRC under the Golf Business.

Current Liabilities

Other payables comprise mainly accrued operating expenses of the Group and advance payments collected from customers in relation to orders placed for golf simulators to be fulfilled in next three to six months.

Lease liabilities of HK\$1.95 million as at 31 March 2024, of which HK\$1.38 million is non-current, refers to new leases for the operation of golf simulator venues and offices in the PRC. Please refer to Note 14 for more details.

Consolidated statements of cash flow

Net cash used in operating activities was HK\$4.64 million in Q1/2024 mainly due to the Group's operating loss before working capital in Q1/2024.

Net cash used in investing activities of HK\$3.58 million in Q1/2024 refers to the purchase of plant and equipment under the Golf Business.

Net cash used in financing activities of HK\$0.16 million in Q1/2024 refers mainly to the payment of principal portion of lease liabilities under the Golf Business.

The Board confirms that the Group is able to meet its short term debt obligations when they fall due with cash and cash equivalent of HK\$39.5 million and no outstanding borrowings as at 31 March 2024.

21 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as there was no forecast or prospect statement previously disclosed to the Company's shareholders.

22 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The global economic outlook remains uncertain amidst the weak growth recovery and uncertainty of the evolution of the geopolitical tensions. However, the re-opening of the PRC is expected to receive a boost from increased global activities. To-date, no exceptional issues arising from our customers were noted and we will continue to maintain a close watch on any developments that may affect and impact our customers' operations and business.

The Board holds the view that acquiring controlling stakes in operating businesses would offer greater growth potential, primarily due to the possibility of higher profit margin compared to the financing business. Additionally, obtaining bank loans for operating businesses is comparatively easier since the turnover and total assets of the company are recorded in the books of the Company. By securing additional funds through bank loans, the company can effectively utilize more working capital, thereby enhancing returns for both the business and its shareholders.

Our ongoing pursuit of potential investments has led to the Group's expansion into the Golf and Luggage businesses. While the Group diversified into the Golf Business in December 2023, the Group expects revenue contribution from the Golf Business to pick up in later part of 2024 as the local management team builds up the customer base and order books. Following the completion of the Acquisition on 10 May 2024, the Group also expects revenue contribution from the Luggage Business in 2024.

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F. OTHER INFORMATION PURSUANT TO APPENDIX 7C OF CATALIST RULES (contd)

23 Dividend

If a decision regarding dividend has been made:

(a) whether an interim (final) dividend has been declared (recommended); and

No dividend was declared or recommended during the financial period ended 31 March 2024 because the Group was not profitable in Q1/2024. Also the Group would like to preserve cash for the Acquisition, and other opportunities, if any.

(b) Amount per share (cents) and previous corresponding period (cents)

Not applicable. No dividend was declared or recommended for the previous financial period ended 31 March 2023.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable - Not applicable

(e) Book closure date - Not applicable

24 If the group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain any general mandate from its shareholders for IPTs.

25 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured signed undertakings from all its directors and executive officers based on Appendix 7H of the Catalist Rules.

26 Additional information required pursuant to Rule 706A, if any

Other than as disclosed under Note 6.2 above, the Company did not acquire and/or dispose shares in any companies during the financial period ended 31 March 2024.

BY ORDER OF THE BOARD

Ong Chor Wei @ Alan Ong
Chief Executive Officer & Executive Director
29 May 2024

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

NET PACIFIC FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

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CONFIRMATION BY THE BOARD

The board of directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited condensed interim financial statements of the Group for the quarter ended 31 March 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhou Wen Jie
Non-independent Non-executive Director
29 May 2024

Ong Chor Wei @ Alan Ong
Chief Executive Officer & Executive Director